

Current Class: CONFIDENTIAL
Current Handling: n/a

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PTQ7781

(E7)

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ACTION WHA-00

CARACA 03517 01 OF 03 302215Z

RELEASED IN PART
B1, 1.4(D)

INFO	LOG-00	NP-00	AID-00	ACQ-00	CEA-01	COME-00	CTME-00
	INL-00	DINT-00	DODE-00	DOEE-00	DOTE-00	SRPP-00	DS-00
	EB-00	EXIM-01	E-00	FAAE-00	FBIE-00	VC-00	FRB-00
	H-01	TEDE-00	INR-00	IO-00	ITC-01	LAB-01	L-00
	VCE-00	AC-01	NSAE-00	NSCE-00	OES-01	OMB-01	OPIC-01
	PA-00	PC-01	PM-00	PRS-00	ACE-00	P-00	SP-00
	IRM-00	SSO-00	STR-00	TRSE-00	USIE-00	PMB-00	DSCC-00
	DRL-02	G-00	NFAT-00	SAS-00	/012W		

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FM AMEMBASSY CARACAS
TO SECSTATE WASHDC IMMEDIATE 4124
INFO AMEMBASSY BOGOTA
AMEMBASSY QUITO
AMEMBASSY LA PAZ
AMEMBASSY LIMA
AMEMBASSY MEXICO
USINT HAVANA
AMEMBASSY BRASILIA
AMEMBASSY BUENOS AIRES
DIA WASHDC
CIA WASHDC
USCINCSO MIAMI FL

C O N F I D E N T I A L SECTION 01 OF 03 CARACAS 003517

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NSC FOR AMB MAISTO
USOAS FOR SHANNON

E.O. 12958: DECL: 12/12/12
TAGS: ECON, PGOV, PINR, PREL, EIND, ELAB, EPET, ETRD, VE
SUBJECT: THE SHUTDOWN [REDACTED]

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REF: A. CARACAS 003421
B. CARACAS 003392

CLASSIFIED BY AMBASSADOR HRINAK. REASON 1.5 (B) AND (D).

1. (C) SUMMARY: [REDACTED]

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Current Class: CONFIDENTIAL

UNITED STATES DEPARTMENT OF STATE
REVIEW AUTHORITY: JOHN L MILLS
DATE/CASE ID: 30 AUG 2004 200400110

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END SUMMARY.

FEDECAMARAS VOTES FOR STRIKE

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2. (U) FEDECAMARAS VOTED NOVEMBER 28 TO STOP WORK FROM 6:00 A.M. UNTIL 6:00 P.M. ON DECEMBER 10. TWO HUNDRED AND TWENTY SIX OF THE 257 FEDECAMARAS MEMBER CHAMBERS VOTED IN FAVOR TO PROTEST THE 49 ENABLING (DECREE) LAWS APPROVED WITHOUT CONSULTATIONS WITH PRIVATE INDUSTRY. EXPLAINING THE PROBLEM WITH THE LAWS, PEDRO CARMONA, FEDECAMARAS'S HIGHLY VISIBLE PRESIDENT, SAID "WE CANNOT ACCEPT GOVERNMENT INTERVENTION AND [EXCESSIVE] DISCRETION, NOR CAN WE ACCEPT LEFTIST LEGISLATION." FEDECAMARAS MEMBERS REPRESENT OVER SEVEN MILLION EMPLOYEES AND PRODUCE 90% OF VENEZUELA'S NON-PETROLEUM GDP.

3. (U) CARMONA ANNOUNCED THE VOTE AT A PRESS CONFERENCE IN WHICH HE ADDED "WE DO NOT HAVE ARMS, RIFLES, OR AIRPLANES; WE HAVE BUSINESSES, FARMS AND JOBS, AND WE BACK THE INTERESTS OF THE VENEZUELAN PEOPLE." IN DESCRIBING THE WORK STOPPAGE, CARMONA ADDED "IT WILL BE AN ACTION IN WHICH ALL WILL REMAIN IN THEIR HOUSES; THERE WILL BE NO STREET DEMONSTRATIONS."

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AMEMBASSY LIMA
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AMEMBASSY BRASILIA
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8. (U) FEDECAMARAS' ANNOUNCED OBJECTIONS CENTER ON THE LACK OF CONSULTATIONS BEFORE THE ENACTMENT OF THE SWEEPING LAWS, AND ON THE PERCEPTION THAT THE LAWS ARE "STATIST AND INTERVENTIONIST," AND WILL DESTROY EMPLOYMENT AND INVESTMENT. SPECIFICALLY, FEDECAMARAS ANNOUNCED FOUR OBJECTIONS:

A. PRESIDENT CHAVEZ DID NOT INVOKE MECHANISMS FOR PRIVATE SECTOR CONSULTATION BEFORE PASSING THE LAWS, AS REQUIRED BY THE CONSTITUTION.

B. THE GOV DID NOT SEND LAWS THAT WERE GOING TO BE APPROVED TO THE NATIONAL ASSEMBLY FOR A 10-DAY REVIEW. ACCORDING TO FEDECAMARAS, WHILE THE ENABLING ACT ALLOWED CHAVEZ TO LEGISLATE BY DECREE, THE ACT REQUIRED HIM TO SUBMIT THE LAWS TO THE NATIONAL ASSEMBLY FOR A REVIEW BEFORE THEY WERE ENACTED.

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C. PRESIDENT CHAVEZ ACTED BEYOND HIS ENABLING ACT AUTHORITY

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IN DECREETING CERTAIN LAWS. THE ENABLING ACT AUTHORIZED CHAVEZ TO LEGISLATE ONLY IN ENUMERATED AREAS. HOWEVER, HE INCLUDED MANY NON-GERMANE TOPICS INTO THE DECREE LAWS. FOR EXAMPLE, THE HYDROCARBON LAW ALSO INCLUDED CHANGES TO THE STABILIZATION FUND (FIEM); THE LAND LAW, ALSO LEGISLATED TAX ISSUES; AND THE NOTARIES LAW WHICH NOW INCLUDES AN EXCESS OF REGULATIONS AND PERMITS.

D. THE LAND LAW IS AN ATTACK ON THE RIGHT OF PRIVATE PROPERTY.

CHAVEZ'S "DIALOGUE FOR VENEZUELA" VIEWED AS BLACKMAIL

9. (U) IN RESPONSE TO FEDECAMARAS' THREAT OF A WORK STOPPAGE, ON NOVEMBER 21, PRESIDENT CHAVEZ CONVOKED A MEETING WITH VARIOUS BUSINESSES ENTITLED "DIALOGUE FOR VENEZUELA." CHAVEZ LAMENTED HIS GOVERNMENT'S INEFFECTIVENESS IN COMMUNICATING WITH THE BUSINESS COMMUNITY AND PROMISED TO FIX THIS. HE TRIED TO DOWNPLAY THE TURMOIL CREATED BY HIS DECREE LAWS AND INDICATED HIS WILLINGNESS TO DISCUSS THEIR APPLICATION AND IMPLEMENTING REGULATIONS. HOWEVER, CHAVEZ EMPHATICALLY RULED OUT CHANGING THE LAWS THEMSELVES.

10. (U) FEDECAMARAS RESPONDED TO THE "DIALOGUE FOR VENEZUELA" BY CALLING IT A "DEPLORABLE INITIATIVE TO TRY TO DIVIDE THE BUSINESS COMMUNITY." THE ORGANIZATION ALLEGED THE GOV USED PRESSURE AGAINST BUSINESSES WITH GOVERNMENT

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CONTRACTS AND THOSE WHO RECEIVE LOANS AND CREDITS FROM STATE BANKS TO FORCE THEIR ATTENDANCE AT THE MEETING.

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CHAVEZ INCREASES RHETORIC - STRIKE, LET'S SEE WHO WINS!

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[REDACTED] HE REACTED TO THE WORK
STOPPAGE THREAT BY ISSUING THE CHALLENGE "DO IT! I
CHALLENGE THEM TO HALT THE COUNTRY TO SEE WHO IS STRONGER,
THE OLIGARCHY OR THE VENEZUELAN PEOPLE." SIMILARLY, CHAVEZ
REACTED TO THE NEAR UNANIMOUS REJECTION OF THE ENABLING ACT
LAWS BY THE BUSINESS COMMUNITY BY [REDACTED]

B1

[REDACTED] DECLARING "I
AM THE HEAD OF STATE. THEY ARE NOT GOING TO PUT ME AGAINST
THE WALL, THEY ARE NOT GOING TO BLACKMAIL ME."

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HRINAK

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